

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent advisor authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your shares in First Derivatives plc, please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

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**First Derivatives plc**

(incorporated and registered in Northern Ireland under number NI30731)

**Notice of Annual General Meeting**

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Notice of the annual general meeting of the Company to be held at the offices of the Company, 3 Canal Quay, Newry, BT35 6BP on Thursday, 30 June 2011 at 11.30am is set out at the end of this circular.

Whether or not you propose to attend the annual general meeting, please complete and submit a proxy form in accordance with the instructions printed on the enclosed form. The proxy form must be received not less than 48 hours before the time of the holding of the annual general meeting.

Notice is hereby given that the sixteenth annual general meeting of First Derivatives plc (“the Company”) will be held at the offices of the Company, 3 Canal Quay, Newry, BT35 6BP on Thursday, 30 June 2011 at 11.30am to consider and pass the resolutions 1-6 inclusive below as Ordinary Resolutions and Resolutions 7-11 inclusive as Special Resolutions.

### **Ordinary business**

- 1 To receive the directors’ report, statement of accounts and independent auditor’s report thereon for the year ended 28 February 2011.
- 2 To approve the directors' remuneration report for the year ended 28 February 2011.
- 3 To declare a final dividend of 7.25p per share for the year ended 28 February 2011.
- 4 To re-appoint Brian Conlon, who retires by rotation, as a director of the Company.
- 5 To re-appoint Graham Ferguson, who retires by rotation, as a director of the Company.
- 6 To re-appoint Patrick Brazel who has been appointed as a director of the Company since the last general meeting.
- 7 To reappoint KPMG as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company and to authorise the directors to determine their remuneration.

### **Special Business**

- 8 That in substitution for all existing and unexercised authorities, the directors of the Company be and they are hereby generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the “Act”) to allot shares in the Company, and to grant rights to subscribe for or to convert any security into shares in the Company (“Rights”), up to an aggregate nominal value of £27,291, such authority to expire on the earlier of (i) the date falling 15 months after the date of passing of this resolution, and (ii) the conclusion of the next annual general meeting of the Company but so that the Company may, before such expiry, make an offer or agreement as if such authority has not expired and the directors shall be entitled to allot shares and grant Rights pursuant to any such offers or agreements as if this authority had not expired.
- 9 That in substitution for all existing and unexercised authorities and subject to the passing of the immediately preceding resolution, the directors of the Company be

and they are hereby empowered pursuant to Section 570 and Section 573 of the Act to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority conferred by the preceding resolution (as if Section 561(1) of the Act did not apply to any such allotment) provided that the power conferred by this resolution, unless previously revoked or varied by special resolution of the Company in general meeting, shall be limited:

- (a) to the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interest of all such shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them subject only to such exclusions or other arrangements as the directors of the Company may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in, any territory; and
- (b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £4,093 representing approximately 5% of the current issued share capital of the company,

and in each case shall expire on the date of the next Annual General Meeting of the company or (if earlier) 15 months from the date of the passing of this resolution save that the company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

10 That in accordance with sections 366 and 367 of the Act the Company and all companies which are subsidiaries of the Company at the date on which this Resolution is passed or during the period when this Resolution has effect are generally and unconditionally authorised to:

- (a) make political donations to political parties or, and/or independent election candidates, as defined in sections 363 and 364 of the Act;
- (b) make political donations to political organisations other than political parties as defined in sections 363 and 364 of the Act; and
- (c) incur political expenditure as defined in section 365 of the Act

up to an aggregate amount of £5,000 during the period beginning on the date of the passing of this Resolution and ending on the date falling 15 months after the passing of this Resolution or, if sooner, at the conclusion of the Company's next annual general meeting provided that the authorised sum referred to in this Resolution may be comprised of one or more amounts in different currencies which, for the purposes of calculating said sum, shall be converted into pounds

sterling at the exchange rate published in London edition of the Financial Times on the date on which the relevant donation is made or expenditure incurred (or the first business day thereafter) or, if earlier, on the day on which the Company enters into any contract or undertaking in relation to the same.

11 That, in accordance with the Act, the Company be generally and unconditionally authorised to make market purchases (as defined in Section 693(4) of the Act) of ordinary shares of the Company provided that:

(a) the maximum aggregate number of ordinary shares which may be purchased shall be such number as represents 10 per cent of the aggregate nominal amount of the Company's issued ordinary share capital as at the date of the passing of this resolution;

(b) the minimum price which may be paid for each ordinary share shall not be less than the nominal value of such ordinary share at the time of the purchase (exclusive of all expenses);

(c) the maximum price, exclusive of any expenses, which may be paid for any ordinary share shall be the higher of:

(i) an amount equal to 105 per cent of the average of the middle market quotations for the Company's ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which such shares are contracted to be purchased; and

(ii) the higher of the price of the last independent trade and the highest current bid on AIM as stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation (EC No. 2273/2003);

(d) the authority conferred by this resolution shall, unless renewed prior to such time, expire on the date falling 15 months after the passing of this resolution or, if earlier, at the conclusion of the next annual general meeting of the Company save that the Company may before such expiry enter into a contract of purchase under which such purchase may be completed or executed wholly or partly after the expiry of this authority.

By order of the Board

Richard Fulton  
Company Secretary  
1 June 2011

Registered Office  
3 Canal Quay  
Newry  
County Down  
BT35 6BP

## Notes

### 1 **Proxies**

A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company. A proxy form is enclosed with this notice. You can only appoint a proxy using the procedures set out in these notes, the notes to the proxy form and the Company's articles of association. To be valid, proxy forms must be lodged at the registered office of the Company, 3 Canal Quay, Newry, BT35 6BP, not less than 48 hours before the time of the meeting.

- 2 The completion and return of a proxy will not prevent a member from attending and voting in person at the meeting if so desired.

### 3 **Nominated Persons**

Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the annual general meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

- 4 The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

### 5 **Entitlement to attend and vote**

To be entitled to attend and vote at the annual general meeting (and for the purpose of determination by the Company of the number of votes they may cast) members must be entered in the Company Register of Members by 11.30am on 28 June 2011 or, if the meeting is adjourned, at 11.30am on the day 2 days prior to the adjourned meeting.

### 6 **Issued share capital and total voting rights**

As at 1 June 2011, being the latest practicable date prior to the publication of this notice, the Company's issued share capital comprised 16,374,867 ordinary shares of £0.005 each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 1 June 2011 is 16,374,867.

### 7 **Website publication of audit concerns**

Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the Companies Act 2006, the

Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the annual general meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

## **8 Corporate Representatives**

A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

- 9 In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives ([www.icsa.org.uk](http://www.icsa.org.uk)) for further details of this procedure. The guidance includes a sample form of representation letter if the chairman is being appointed as described in 9(i) above.

## **10 Documents available for inspection**

Copies of the executive directors contracts of service together with the engagement letters of the non-executive directors, the register of directors (and their families) interests in the share capital of the Company and the Articles of Association are available for inspection at the registered office of the Company

during usual business hours, and will be available for inspection at the annual general meeting from 11.15 am until the conclusion of the meeting.

## **Explanatory Notes**

### **Annual Report and Accounts (Resolution 1)**

The directors of the Company are required by law to present the accounts, the directors' report and the auditors' report on the accounts to shareholders at each annual general meeting.

### **Directors' Remuneration Report (Resolution 2)**

The Company is required to put its report on directors' remuneration to an advisory shareholder vote. As the vote is advisory and in respect of the overall remuneration package it does not affect the actual remuneration paid to any individual director.

### **Declaration of Final Dividend (Resolution 3)**

A final dividend of 7.25p per share is recommended by the directors of the Company. A final dividend can only be paid after it has been declared by the shareholders at a general meeting. It is proposed that the shareholders declare this dividend by passing Resolution 3.

### **Re-appointment of director retiring by rotation (Resolutions 4 and 5)**

The Company's articles of association require that one-third of the directors retire by rotation at the annual general meeting and that any director who so retires may offer himself for re-election. Under this protocol 2 directors are required to retire at this year's annual general meeting.

### **Re-appointment of Director appointed since last AGM (Resolution 6)**

The Company's articles of association require that where the directors appoint an additional director, the person so appointed shall only hold office until the next AGM and then shall be eligible for re-appointment at that meeting. Accordingly, resolution 6 proposes the re-appointment of Patrick Brazel, who was appointed as a director since the last AGM.

### **Reappointment and remuneration of Auditor (Resolution 7)**

The Company is required to appoint auditors at each general meeting at which accounts are laid before the Company, to hold office until the next such meeting. Resolution 6 proposes the reappointment of KPMG as auditors of the Company and authorise the directors to set their remuneration.

### **General authority to allot securities (Resolution 8)**

Resolution 7 seeks to give the directors authority to allot up to a maximum nominal amount of the share capital of the Company that represents approximately one-third of the Company's total ordinary share capital currently in issue, in accordance with institutional guidelines. These guidelines permit such authorities to be calculated on the basis of one-third of the Company's issued share capital.

The authority conferred by this resolution will expire on the earlier of (i) date falling 15 months after the passing of the resolution and (ii) the conclusion of the Company's 2012 annual general meeting.

### **General disapplication of pre-emption rights (Resolution 9)**

Under section 561(1) of the Act, if the directors wish to allot any shares or grant rights over shares or sell treasury shares for cash (other than pursuant to an employee share scheme) they must in the first instance offer them to existing shareholders in proportion to their shareholding. There may be occasions, however, when the directors will need flexibility to finance business opportunities by the issue of shares without a pre-emptive offer to existing shareholders. This cannot be done under the Act unless the shareholders have first waived their pre-emption rights. Resolution 8 asks shareholders to do this but the authority is limited to (i) the allotment of shares in connection with a rights issue to ordinary shareholders on a pro rata basis (subject to certain exclusions or arrangements as the directors deem necessary) and (iii) the allotment of up to approximately 5% of the issued ordinary share capital of the Company as at the date of this letter.

If given, the authority will expire on the earlier of (i) date falling 15 months after the passing of the resolution and (ii) the conclusion of the Company's 2012 annual general meeting.

### **Political Donations (Resolution 10)**

Resolution 9 is designed to deal with rules on political donations and expenditure contained in Part 14 of the Act (Sections 362 to 379). Under Section 378 of the Act, a company may not make donations to an EU political party, or other EU political organisation, or to an independent election candidate in the EU, of more than £5,000 in total, or incur any EU political expenditure, without first obtaining shareholder approval.

It is the Company's policy not to make contributions to political parties. There is no intention to change that policy. However, what constitutes a "political donation", a "political party", a "political organisation" or "political expenditure" under the Act is not clear, as the legislation is capable of wide interpretation and may have effect of covering a number of normal business activities that would not have thought to be political donations in the usual sense. To avoid the possibility of inadvertently contravening the Act, the directors consider that it would be prudent to follow the procedure specified in the Act to obtain shareholder approval for the Company and its subsidiaries to make political donations or incur political expenditure in the forthcoming year until the conclusion of the Company's 2012 annual general meeting.

### **Authority to purchase own shares (Resolution 11)**

Resolution 10 seeks authority from the shareholders to give the directors the power to make market purchases of up to 10% of the Company's issued ordinary share capital at the date of the passing of the resolution subject to a minimum and maximum price that can be paid to the shares. Whilst the Directors have no present intention of

making such purchases, it is common practice for listed and AIM quoted companies to seek such authority and the Directors consider that it is prudent for them to do so.

This authority, if conferred, will only be exercised if, in the light of market conditions prevalent at the time, the Directors believe that the effect of such purchases will be to increase earnings per share and will be likely to promote the success of the Company for the benefit of the shareholders generally. The authority conferred will expire at the conclusion of the Company's 2012 annual general meeting.

## Proxy Form

First Derivatives plc

For use at the Annual General Meeting convened for Thursday, 30 June 2011

I/We

.....  
(block letters please)

of .....

being a member(s) of the above named Company, hereby appoint the chairman of the meeting\*

or .....

as my/our proxy to attend, speak and vote for me/us on my/our behalf at the annual general meeting of the company to be held on Thursday, 30 June 2011 and at any adjournment thereof.

\*If you wish to nominate an alternative proxy delete “the chairman of the meeting” and insert the name of the chosen proxy.

I/We direct my/our proxy to vote as follows:

Resolutions	For	Against	Vote Withheld
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			

Please indicate with a tick in the relevant box how you wish your votes to be cast for each resolution.

Signature..... Date .....

Notes:

- 1 To be valid this form of proxy (together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such

power of authority) must be lodged at the offices of the Company, 3 Canal Quay, Newry, BT35 6BP, not less than 48 hours before the time of the meeting.

- 2 A form of proxy executed by a corporation must be either under seal or under the hand of an officer or attorney duly authorised.
- 3 In the case of joint holdings the signature of the first-named on the Register of Members will be accepted to the exclusion of the votes of the other joint holders.
- 4 To direct the proxy how to vote on the resolutions mark the appropriate box with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution.
- 5 If this form is signed and returned without indication as to how the proxy is to vote, he will exercise his discretion both as to how he votes and whether or not he abstains from voting.
- 6 Completing and returning this form of proxy will not prevent a member from attending in person and voting should he wish.
- 7 Any amendment to this form of proxy must be initialled.
- 8 If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
- 9 A proxy need not be a member but must attend the meeting to represent you.